

May 18, 2010

Dale Dapp
AMSP President
c/o Department of Transportation
200 East Santa Clara Street
San Jose, CA 95113

RE: AMSP Contract Negotiations

Dear Mr. Dapp:

This letter is to confirm our discussion regarding the status of negotiations on May 14, 2010.

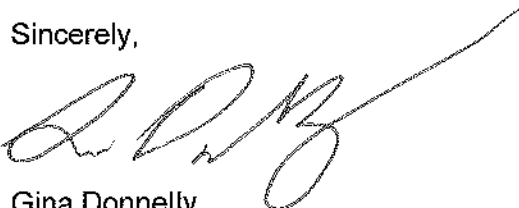
Despite the efforts put forth by both the City and AMSP throughout our six negotiation sessions, a significant gap remains between the positions of the parties. On May 14, 2010, the City declared impasse because we believe that additional negotiation meetings would be futile. During our negotiation sessions, the City has articulated the fiscal reasons for sincerely and firmly maintaining our proposal for a 10% total compensation reduction. Although the City discussed with you and considered your proposed alternative, you were unable to agree to a 10% total compensation reduction package.

As we discussed during our meeting, the City requests that AMSP indicate on or before Wednesday, May 19, 2010, if AMSP is requesting mediation under the Employer-Employee Relations Resolution # 39367.

The City remains committed to reaching an agreement with AMSP that would achieve the 10% total compensation reduction.

Please let me know if you have any questions.

Sincerely,



Gina Donnelly
Deputy Director of Employee Relations

c: Alex Gurza, Director of Employee Relations